

DEPARTMENT OF INSURANCE
Fraud Division

ATTACHMENT A

PLANNING BUDGET LEVEL
PROGRAM FOR INVESTIGATION AND PROSECUTION OF
WORKERS' COMPENSATION INSURANCE FRAUD
FOR

San Bernardino County

July 1, 2004 - June 30, 2005

Source: Section 1872.83 of the Insurance Code

County estimated caseload expressed in the county's proportion of the \$19,271,700 available to the Insurance Commissioner for the 2004-2005 fiscal year (\$20,351,000 minus \$65,000 incidental cost and 5% reserve of \$1,014,300)

I. FISCAL YEAR 2004-2005 BASE ALLOCATION
(50% of total available funds)

1. Annual Average Wage and Salary Employees (66%)	\$326,804.12
2. Proportion of Reported Workers' Compensation Suspected Fraudulent Claims in the past three years (34%)	\$165,830.07

BASE ALLOCATION **\$492,634.19**

II. PROGRAM AWARD

Award will be based on the evaluation of the county plan.
(50% of total available funds)

\$492,634.19

PLANNING BUDGET **\$985,268.38**

FUNDING LEVELS ARE CONTINGENT ON THE COLLECTION OF
ASSESSMENTS AND THE AUTHORIZATION FOR EXPENDITURE
(PURSUANT TO GOVERNMENT CODE SECTION 13000 et seq)

THE CALIFORNIA DEPARTMENT OF REVENUE
 Monterey Community Development Fund Local Assistance Program
 Planning Formula (\$20,351,000 minus \$20,000 incidental cost and 5% Reserve of \$1,166,980)

County	Employment February 2004	2001-2003 SFCs	66% of 1/2	34% of 1/2	Base Allocation (50%)	Full Formula Funding (100%)
Alameda	702,300	444	\$272,614.96	\$123,745.46	\$396,360.42	\$792,720.85
Alpine	720	2	\$279.49	\$557.41	\$836.90	\$1,673.80
Amador	14,730	35	\$5,717.81	\$9,754.71	\$15,472.52	\$30,945.04
Butte	84,200	86	\$32,684.29	\$23,968.72	\$56,653.01	\$113,306.02
Calaveras	15,310	10	\$5,942.95	\$2,787.06	\$8,730.01	\$17,460.02
Colusa	8,810	7	\$3,419.82	\$1,950.94	\$5,370.76	\$10,741.52
Contra Costa	491,100	246	\$190,632.50	\$68,561.68	\$259,194.18	\$518,388.36
Del Norte	8,860	7	\$3,439.23	\$1,950.94	\$5,390.17	\$10,780.34
El Dorado	79,100	39	\$30,704.60	\$10,869.53	\$41,574.14	\$83,148.28
Fresno	337,000	325	\$130,814.81	\$90,579.45	\$221,394.26	\$442,788.52
Glenn	8,390	9	\$3,256.78	\$2,508.35	\$5,765.14	\$11,530.28
Humboldt	56,200	23	\$21,815.41	\$6,410.24	\$28,225.65	\$56,451.29
Imperial	47,800	64	\$18,554.74	\$17,837.18	\$36,391.93	\$72,783.85
Inyo	6,780	3	\$2,631.82	\$836.12	\$3,467.94	\$6,935.88
Kern	259,300	206	\$100,653.65	\$57,413.44	\$158,067.09	\$316,134.17
Kings	41,660	41	\$16,171.35	\$11,426.95	\$27,598.30	\$55,196.59
Lake	22,310	10	\$8,660.17	\$2,787.06	\$11,447.23	\$22,894.47
Lassen	10,560	15	\$4,099.12	\$4,180.59	\$8,279.71	\$16,559.43
Los Angeles	4,491,300	3651	\$1,743,408.19	\$1,017,555.60	\$2,760,963.78	\$5,521,927.57
Madera	49,100	47	\$19,059.37	\$13,099.18	\$32,158.55	\$64,317.10
Marin	125,200	51	\$48,599.45	\$14,214.01	\$62,813.45	\$125,626.91
Mariposa	5,820	7	\$2,259.18	\$1,950.94	\$4,210.12	\$8,420.24
Mendocino	40,380	31	\$15,674.49	\$8,639.89	\$24,314.37	\$48,628.75
Merced	76,000	64	\$29,501.26	\$17,837.18	\$47,338.45	\$94,676.89
Modoc	3,890	2	\$1,510.00	\$557.41	\$2,067.41	\$4,134.82
Mono	8,490	5	\$3,295.60	\$1,393.53	\$4,689.13	\$9,378.26
Monterey	168,200	128	\$65,290.95	\$35,674.37	\$100,965.32	\$201,930.64
Napa	67,400	26	\$26,162.96	\$7,246.36	\$33,409.32	\$66,818.64
Nevada	45,740	23	\$17,755.10	\$6,410.24	\$24,165.34	\$48,330.68
Orange	1,535,400	930	\$596,003.15	\$259,196.58	\$855,199.72	\$1,710,399.45

DEPARTMENT OF INSURANCE - FRAUD DIVISION

Workers' Compensation Insurance Fraud Local Assistance Program, F Y 2004-2005

Planning Formula (\$20,351,000 minus \$65,000 incidental cost and 5% Reserve of \$1,014,300)

County	Employment February 2004	2001-2003 SFCs	66% of 1/2	34% of 1/2	Base Allocation (50%)	Full Formula Funding (100%)
Placer	136,500	109	\$52,985.80	\$30,378.95	\$83,364.77	\$166,729.55
Plumas	8,580	8	\$3,330.50	\$2,229.65	\$5,560.19	\$11,120.37
Riverside	788,100	500	\$305,920.30	\$139,353.00	\$445,273.33	\$890,546.66
Sacramento	621,000	516	\$241,056.30	\$143,812.29	\$384,868.67	\$769,737.33
San Benito	24,720	14	\$9,595.60	\$3,901.88	\$13,497.56	\$26,995.12
San Bernardino	841,900	595	\$326,804.11	\$165,830.07	\$492,634.19	\$985,268.38
San Diego	1,437,300	908	\$557,923.20	\$253,065.05	\$810,988.27	\$1,621,976.54
San Francisco	377,200	227	\$146,419.40	\$63,266.26	\$209,685.69	\$419,371.37
San Joaquin	248,100	202	\$96,306.11	\$56,298.61	\$152,604.71	\$305,209.42
San Luis Obispo	117,300	52	\$45,532.80	\$14,492.71	\$60,025.58	\$120,051.16
San Mateo	353,300	170	\$137,142.00	\$47,380.02	\$184,522.07	\$369,044.15
Santa Barbara	201,900	140	\$78,372.40	\$39,018.84	\$117,391.27	\$234,782.55
Santa Clara	816,900	477	\$317,099.70	\$132,942.76	\$450,042.52	\$900,085.04
Santa Cruz	125,100	79	\$48,560.60	\$22,017.77	\$70,578.41	\$141,156.81
Shasta	74,000	94	\$28,724.90	\$26,198.36	\$54,923.28	\$109,846.56
Sierra	1,130	0	\$438.60	\$0.00	\$438.64	\$877.27
Siskiyou	15,070	6	\$5,849.70	\$1,672.24	\$7,522.03	\$15,044.05
Solano	199,800	99	\$77,557.20	\$27,591.89	\$105,149.16	\$210,298.32
Sonoma	243,500	153	\$94,520.40	\$42,642.02	\$137,162.51	\$274,325.02
Stanislaus	189,300	236	\$73,481.40	\$65,774.62	\$139,256.05	\$278,512.10
Sutter	31,200	25	\$12,111.00	\$6,967.65	\$19,078.69	\$38,157.39
Tehama	24,950	18	\$9,684.90	\$5,016.71	\$14,701.66	\$29,403.32
Trinity	4,230	2	\$1,641.90	\$557.41	\$2,199.39	\$4,398.78
Tulare	143,700	123	\$55,780.60	\$34,280.84	\$90,061.52	\$180,123.03
Tuolumne	21,080	21	\$8,182.70	\$5,852.83	\$14,035.54	\$28,071.09
Ventura	413,500	372	\$160,510.11	\$103,678.63	\$264,188.79	\$528,377.58
Yolo	94,000	53	\$36,488.40	\$14,771.42	\$51,259.82	\$102,519.64
Yuba	18,100	19	\$7,025.90	\$5,295.41	\$12,321.37	\$24,642.75
TOTAL	16,383,510	11,755	\$6,359,661.00	\$3,276,189.00	\$9,635,850.00	\$19,271,700.00

DEPARTMENT OF INSURANCE - FRAUD DIVISION
Workers' Compensation Insurance Fraud
Reported Suspected Fraudulent Claims, 2001, 2002 2003

County	2001 SFCs	2002 SFCs	2003 SFCs	TOTAL
Alameda	116	128	200	444
Alpine	2	0	0	2
Amador	17	11	7	35
Butte	27	23	36	86
Calaveras	4	2	4	10
Colusa	3	3	1	7
Contra Costa	77	58	111	246
Del Norte	1	1	1	3
El Dorado	11	17	11	39
Fresno	72	104	149	325
Glenn	6	1	2	9
Humboldt	5	9	9	23
Imperial	2	8	54	64
Inyo	1	1	1	3
Kern	57	68	81	206
Kings	10	14	17	41
Lake	3	5	2	10
Lassen	5	6	4	15
Los Angeles	1,196	1,103	1,352	3,651
Madera	16	11	20	47
Marin	15	17	19	51
Mariposa	1	3	3	7
Mendocino	6	12	13	31
Merced	16	18	30	64
Modoc	1	0	1	2
Mono	2	1	2	5
Monterey	50	31	47	128
Napa	7	9	10	26
Nevada	4	7	12	23
Orange	272	258	400	930
Placer	34	28	47	109

DEPARTMENT OF INSURANCE - FRAUD DIVISION
Workers' Compensation Insurance Fraud
Reported Suspected Fraudulent Claims, 2001, 2002 2003

County	2001 SFCs	2002 SFCs	2003 SFCs	TOTAL
Plumas	3	0	5	8
Riverside	138	177	185	500
Sacramento	150	153	213	516
San Benito	6	5	3	14
San Bernardino	167	212	216	595
San Diego	295	293	320	908
San Francisco	59	68	100	227
San Joaquin	59	60	83	202
San Luis Obispo	16	22	14	52
San Mateo	40	54	76	170
Santa Barbara	44	40	56	140
Santa Clara	157	178	142	477
Santa Cruz	33	17	29	79
Shasta	25	30	39	94
Sierra	0	0	0	-
Siskiyou	1	2	3	6
Solano	30	25	44	99
Sonoma	28	66	59	153
Stanilaus	64	65	107	236
Sutter	5	9	11	25
Tehama	8	2	8	18
Trinity	2	0	0	2
Tulare	42	43	38	123
Toulumne	7	3	11	21
Ventura	78	144	150	372
Yolo	16	17	20	53
Yuba	10	7	2	19
TOTAL	3,524	3,649	4,582	11,755

March 12, 2004

MONTHLY LABOR FORCE DATA FOR COUNTIES
 FEBRUARY 2004 (Preliminary); 2003 BENCHMARK
 NOT SEASONALLY ADJUSTED

COUNTY	RANK	LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT	RATE
STATE TOTAL		17,519,100	16,381,300	1,137,800	6.5%
ALAMEDA	22	748,000	702,300	45,700	6.1%
ALPINE	17	760	720	40	5.7%
AMADOR	15	15,590	14,730	860	5.5%
BUTTE	32	92,200	84,200	8,000	8.7%
CALAVERAS	31	16,710	15,310	1,400	8.4%
COLUSA	58	8,810	6,390	2,420	27.5%
CONTRA COSTA	13	518,100	491,100	27,000	5.2%
DEL NORTE	34	9,730	8,860	870	9.0%
EL DORADO	20	84,100	79,100	5,000	5.9%
FRESNO	47	398,300	337,000	61,300	15.4%
GLENN	46	9,890	8,390	1,500	15.2%
HUMBOLDT	27	60,400	56,200	4,200	7.0%
IMPERIAL	55	57,800	47,800	10,000	17.3%
INYO	25	7,260	6,780	480	6.7%
KERN	44	301,200	259,300	41,900	13.9%
KINGS	51	49,720	41,660	8,060	16.2%
LAKE	38	25,090	22,310	2,780	11.1%
LASSEN	32	11,560	10,560	1,000	8.7%
LOS ANGELES	22	4,783,700	4,491,300	292,400	6.1%
MADERA	43	56,900	49,100	7,800	13.7%
MARIN	2	129,800	125,200	4,600	3.5%
MARIPOSA	37	6,500	5,820	690	10.5%
MENDOCINO	28	43,740	40,380	3,360	7.7%
MERCED	57	92,600	76,000	16,600	18.0%
MODOC	41	4,390	3,890	510	11.5%
MONO	5	8,870	8,490	380	4.3%
MONTEREY	47	198,800	168,200	30,600	15.4%
NAPA	8	70,900	67,400	3,500	4.9%
NEVADA	12	48,170	45,740	2,430	5.0%
ORANGE	2	1,590,900	1,535,400	55,500	3.5%
PLACER	8	143,500	136,500	7,000	4.9%
PLUMAS	54	10,320	8,580	1,740	16.8%
RIVERSIDE	16	835,000	788,100	46,900	5.6%
SACRAMENTO	17	658,700	621,000	37,700	5.7%
SAN BENITO	40	27,890	24,720	3,170	11.4%
SAN BERNARDINO	14	889,500	841,900	47,700	5.4%
SAN DIEGO	4	1,496,000	1,437,300	58,700	3.9%
SAN FRANCISCO	19	400,300	377,200	23,100	5.8%
SAN JOAQUIN	39	279,600	248,100	31,600	11.3%
SAN LUIS OBISPO	1	121,200	117,300	3,900	3.2%
SAN MATEO	6	369,400	353,300	16,100	4.4%
SANTA BARBARA	6	211,100	201,900	9,200	4.4%
SANTA CLARA	26	876,200	816,900	59,400	6.8%
SANTA CRUZ	36	139,600	125,100	14,500	10.4%
SHASTA	35	81,900	74,000	7,900	9.6%
SIERRA	52	1,360	1,130	220	16.2%
SISKIYOU	45	17,530	15,070	2,460	14.0%
SOLANO	21	212,500	199,800	12,700	6.0%
SONOMA	8	256,200	243,500	12,700	4.9%
STANISLAUS	42	217,000	189,300	27,700	12.8%

SUTTER	53	37,500	31,200	6,300	16.7%
TEHAMA	30	27,070	24,950	2,130	7.9%
TRINITY	49	5,020	4,230	790	15.8%
TULARE	56	174,300	143,700	30,700	17.6%
TUOLUMNE	29	22,850	21,080	1,780	7.8%
VENTURA	8	434,800	413,500	21,300	4.9%
YOLO	24	100,300	94,000	6,300	6.2%
YUBA	49	21,600	18,100	3,400	15.8%

Notes:

- 1) Data may not add due to rounding. The unemployment rate is calculated using unrounded data.
- 2) Labor force data for all geographic areas for 1990 to 2004 now reflect the March 2003 annual revision (or benchmark) and Census 2000 population controls at the state level. Therefore, labor force data for periods before January 1990 are not comparable with data for January 1990 and later.

Source: California Employment Development Department,
Labor Market Information Division, (916) 262-2162.

**CALIFORNIA DEPARTMENT OF INSURANCE
FRAUD DIVISION**

9342 Tech Center Drive, Suite 100

Sacramento, CA 95826

Phone: (916) 854-5760

Fax: (916) 255-4197

**WORKERS' COMPENSATION
INSURANCE FRAUD PROGRAM**

**REQUEST FOR APPLICATION
FISCAL YEAR 2004-2005**

APPLICATION FORMS

Pursuant to Insurance Code section 1872.83, the application for funding is a public document and may be subject to disclosure. However, information submitted to the Department of Insurance concerning criminal investigations, whether active or inactive, are considered confidential.

DEPARTMENT OF INSURANCE
GRANT APPLICATION TRANSMITTAL

Office of the District Attorney, County of _____, hereby makes application
for funds under the *Workers' Compensation Insurance Fraud Program* pursuant to
Section 1872.83 of the Insurance Code.

Contact: _____

Address: _____

Telephone: () _____

(1) *Program Title*

(2) *Grant Period*

(3) *Grant Amount*

(4) *Program Director*

(5) *Financial Officer*

(6) *District Attorney's Signature*

Name: _____

Title: _____

County: _____

Address: _____

Telephone: () _____

Date: _____

GRANT APPLICATION TRANSMITTAL FACE PAGE INSTRUCTIONS

1. Program Title: Enter the complete title of the program.
2. Grant Period: Enter the beginning and ending dates of funding as specified in the grant application instructions.
3. Grant Amount: Enter the amount of state funds requested.
4. Program Director: Enter the name, title, mailing address and telephone number of the individual ultimately responsible for the program.
5. Financial Officer: Enter the name, title, mailing address and telephone number of the person who will be responsible for all fiscal matters relating to the program. This person must be someone other than the program director.
6. Official Submitting Application: Enter the signature, name, county, address and telephone number of the District Attorney submitting the application. The District Attorney's original signature (not a stamped, photocopied or fax version) must be on at least one copy of the Grant Application Transmittal.

PROGRAM CONTACT FORM

1. Provide the name, title, address and telephone number for the person having day-to-day responsibility for the program.

Name: _____

Title: _____

Address: _____ E-mail address: _____

Telephone Number: () _____ Fax Number: () _____

2. Provide the name, title, address and telephone number of the Chair of the County Board of Supervisors.

Name: _____

Title: _____

Address: _____

Telephone Number: () _____ Fax Number: () _____

3. Provide the name, title, address and telephone number for the District Attorney's Financial Officer.

Name: _____

Title: _____

Address: _____ E-mail address: _____

Telephone Number: () _____ Fax Number: () _____

4. Provide the name, title, address and telephone number for the person responsible for the data collection/reporting for the applicant agency.

Name: _____

Title: _____

Address: _____ E-mail address: _____

Telephone Number: () _____ Fax Number: () _____

RESOLUTION INSTRUCTIONS

NOTE: The Resolution must include all of the elements contained in the sample.

1. Enter the full name of the County Board of Supervisors making the resolution.
2. Enter the proposed program. This should be the same as the title of the proposed program on the Grant Application Transmittal.
3. Enter the funding source (*Automobile*- California Insurance Code Section 1872.8, California Code of Regulations Subchapter 9, Article 4, Section 2698.65.
Workers' Compensation-California Insurance Code Section 1872.83, California Code of Regulations Subchapter 9, Article 3, Section 2698.55).
4. Enter the full title of the administrator or executive (e.g. District attorney) who is authorized to submit the application including any extensions or amendments. This person will sign the Grant Award Agreement.
5. Enter the full title of the organization that will submit the application.
6. Enter the same as item (1).
7. Enter the date of the meeting in which the resolution was adopted.
8. Enter the votes of the members in the appropriate category.
9. Enter the signature of the person signing on behalf of the board.
10. Enter the date of certification.
11. Enter the typed name and title of the person making the certification.
12. Enter the signature of the person attesting that this is a true copy of the resolution. This must be a person other than the person who signed on behalf of the board or council (see item 9).
13. Enter the date attested.
14. Enter the typed name and title of the person attesting.

SAMPLE BOARD OF SUPERVISORS' RESOLUTION

WHEREAS the 1. (County Board of Supervisors) desires to undertake a certain program designated 2. (program title) to be funded in part from funds made available through 3. (funding source) and administered by the California Department of Insurance.

NOW, THEREFORE, BE IT RESOLVED that the 4. (designated official by title only) of the 5. (unit of government) is authorized, on its behalf to submit the attached proposal to the California Department of Insurance and is authorized to execute on behalf of the Board of Supervisors the attached Grant Award Agreement including any extensions or amendments thereof.

BE IT FURTHER RESOLVED that the grant funds received hereunder shall not be used to supplant expenditures controlled by this body.

I hereby certify that the foregoing is a true copy of the resolution adopted by the 6. (County Board of Supervisors) in a meeting thereof held on 7. (date) by the following:

Vote 8.

Ayes: _____

Noes: _____

Absent: _____

Signature: 9. _____ Date: 10. _____

Typed Name and Title:

11. _____

ATTEST: Signature: 12. _____ Date: 13. _____

Typed Name and Title:

14. _____

NOTE: The Department of Insurance does not require a Board Resolution for submittal of the application for funding. A Board Resolution, however, is required for a county to receive a distribution of funds.

WORKERS' COMPENSATION INSURANCE FRAUD INVESTIGATION/PROSECUTION PROGRAMS FISCAL YEAR 2004-2005 GRANTS

Grant Application Forms Checklist and Sequence

The Request for Application MUST include the following:

	<u>YES</u>	<u>NO</u>
1. Is the Grant Application Transmittal sheet completed and signed by the District Attorney?	_____	_____
2. Is an original or certified copy of the Board Resolution included? If NOT, the cover letter must indicate the submission date.	_____	_____
3. Is the Program Contact Form completed?	_____	_____
4. Is the Project Budget included?	_____	_____
a) Line-item totals are verified?	_____	_____
b) Carry-over estimate is included?	_____	_____
5. The County Plan includes:		
a) County Plan Qualifications	_____	_____
b) County Plan Problem Statement	_____	_____
c) County Plan Program Strategy	_____	_____
d) Staff Qualifications and Rotational Policies	_____	_____
e) Organization chart	_____	_____
f) Joint Investigative Plan	_____	_____

**CALIFORNIA DEPARTMENT OF INSURANCE
FRAUD DIVISION**

**WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM
REQUEST-FOR-APPLICATION**

FISCAL YEAR 2004-2005

APPLICATION AND INSTRUCTIONS

**CALIFORNIA DEPARTMENT OF INSURANCE
WORKERS' COMPENSATION INSURANCE FRAUD PROGRAM**

REQUEST FOR APPLICATION AND INSTRUCTIONS

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**CALIFORNIA DEPARTMENT OF INSURANCE
FRAUD DIVISION**

REQUEST - FOR - APPLICATION

**WORKERS' COMPENSATION INSURANCE FRAUD
INVESTIGATION AND PROSECUTION**

I. INTRODUCTION

Under the direction of the Insurance Commissioner of the State of California, the California Department of Insurance (CDI) administers the grant program and the distribution of funds for enhanced investigation and prosecution of workers' compensation insurance fraud by local district attorneys.

This Request-for-Application (RFA) is issued to all district attorneys in the State of California pursuant to authority granted to the Insurance Commissioner under the provisions of Section 1872.83 of the California Insurance Code. The purpose of this RFA is to inform local district attorneys of the criteria for distribution of Fiscal Year 2004-2005 funds for investigation and prosecution of workers' compensation insurance fraud cases. The application includes processing and reporting requirements. The criteria are stated in the California Code of Regulations, Title 10, Chapter 5, Subchapter 9, Section 2698.50, et seq.

II. APPLICATION PROCEDURE

Recipients of funding for enhanced investigation and prosecution of workers' compensation insurance fraud must submit an application, which includes the County Plan. This RFA package provides instructions for preparation of an application for grant funds. This package is comprised of two parts: the RFA and the grant application forms with corresponding instructions. Forms generated in the local District Attorneys' office are acceptable if they duplicate CDI forms in content.

The application shall offer the County Plan and budget elements as outlined in the form section of this RFA. A Table of Contents is required to facilitate plan review. Two or more counties may coordinate planning and submit plans addressing a multi-county area. However, each individual county plan must identify its portion of the budget.

Each application must identify a local district attorney contact person(s). The data required for the contact person(s) is name, title, business address, phone, and fax number. This individual will perform liaison functions between applicant's agency and CDI. This person should be familiar with the local program and their name must be included on the Grant Application Transmittal form. For the purpose of this RFA, the contact person for CDI is Dennis Findlay, Associate Governmental Program Analyst at (916) 854-5754.

III. APPLICATION DEADLINE, SUBMISSION REQUIREMENTS, AND INFORMATION SESSION

A. DEADLINE

THE FINAL DEADLINE FOR RECEIPT OF ALL APPLICATIONS BY THE CALIFORNIA DEPARTMENT OF INSURANCE IS:

DATE: **Thursday, July 1, 2004**
TIME: **5:00 p.m.**

MAIL OR DELIVER (FAX copies will not be accepted)
THE APPLICATION TO:

California Department of Insurance
Fraud Division
9342 Tech Center Drive, Suite 100
Sacramento, CA 95826
Attn: Dennis Findlay

Any county which fails to submit an application by the stated deadline will only be considered for funding if funds are available for the current year after the initial funding awards are made. Likewise, funds to reimburse costs for unanticipated or unforeseen workers' compensation fraud investigations or prosecutions may be available during the fiscal year from a reserve account. This account is funded with a 5% reserve of \$1,014,300 of the total funds \$20,351,000 appropriated to the Commissioner for disbursement during the FY 2004-2005.

B. SUBMISSION REQUIREMENTS

Applications shall:

1. Include all required forms and application components, specifically the Grant Application Transmittal, Board Resolution (or the date when the Resolution will be submitted), Budget Pages, County Plan, Joint Investigative Plan, Organization Chart, and the Program Contact form.

2. Be typed or computer-generated in letter characters no smaller than the equivalent of standard 12 pitch print and page size must not exceed standard 8-1/2 x 11-inch paper.
3. Be submitted with an original signature on at least one of the copies of the GRANT APPLICATION TRANSMITTAL. **Seven (7) copies plus one original** assembled separately and individually fastened (**stapled, not bound**) in the upper left corner and an electronic version of the application (CD or Diskette). Appendices are to be stapled separately from the application. Fax copies will not be accepted.

C. INFORMATION SESSION

An information session on the Request for Application will be held:

Date: Wednesday, May 12, 2004
Time: 9:00 a.m. to 1:00 p.m.
Location: Department of Insurance
Fraud Division
9342 Tech Center Drive, Suite 100
Sacramento, CA 95826

Submit any questions regarding the RFA by mail or FAX to (916) 255-4197. To have your questions addressed at the information session, they must be received by May 10, 2004.

IV. FUNDING

A. FUNDING LEVEL

Each district attorney's allocation for planning purposes shall consist of two parts: a base allocation and a program award. Both are made as a result of the evaluation of the County Plan. The base allocation shall be made from fifty percent (50%) of the total funds and allocated according to the "caseload estimate." This estimate serves to gauge the District Attorney's proportional share of the workers' compensation fraud investigation and prosecution caseload:

1. Sixty-six percent (66%) of the base allocation funding is allocated to the counties in proportion of staffing to the state's annual average number of workers engaged in wage and salary employment as published in the California Employment Development Department's Annual Planning Information report for the most recent year.
2. Thirty-four percent (34%) of the base allocation funding is determined by the county's portion of the state's workers'

compensation suspected fraudulent claims as reported to the California Department of Insurance pursuant to Sections 1872.4 and 1877.3 of the Insurance Code over the previous three years.

Attachment (A) sets the county's estimated caseload and base allocation for planning purposes. (The Department recognizes that the formula estimate of caseload may not accurately reflect the county's actual workers' compensation fraud problem. Therefore, the County Plan, particularly its "Problem Statement" describing the nature and extent of workers' compensation fraud, will be the basis for Review Panel funding recommendations and the Commissioner's decision.)

B. FUNDING CYCLE AND DURATION

Agencies responding to this application must budget funds for 12 months. **The grant period will begin on July 1, 2004 and end on June 30, 2005.**

Any portion of distributed funds not used at the termination of each annual funding cycle shall be returned to the Insurance Fund to be reapportioned for use in the subsequent program year. However, a district attorney, who has undertaken investigations and/or prosecutions that will carry over into the following program year, may carry over the distributed but unused funds. That district attorney must specify and justify in writing to the Commissioner how the funds will be used at the end of the program period. **Estimated carryover funds from previous year(s) must also be included as part of the subsequent fiscal year application.**

C. FUND AVAILABILITY

The amounts distributed for FY 2004-2005 are also contingent on the collection from insurers. CDI reserves the right to adjust district attorney funding levels pursuant to the FY 2004-2005 State Budget Act. **For fiscal year 2004-2005, \$20,351,000 will be available to distribute.**

If, during the term of the grant award, the state funds appropriated for the purposes of the grant award are reduced or eliminated by the California Legislature, or, in the event revenues are not collected at the level assessed, CDI may immediately terminate or reduce the grant award by written notice to the grantee. *However, no such termination or reduction shall apply to allowable costs already incurred by the grantee to the extent that state funds are available for payment of such costs.*

The agreement entered into with CDI is subject to any applicable restrictions, limitations, or conditions enacted by the California Legislature subsequent to execution of this agreement.

D. FUNDING PROCEDURE

Commitment to funding shall be in the form of a Grant Award Agreement and shall require an enabling resolution from the County Board of Supervisors approving and authorizing execution of the agreement. The County Board of Supervisors' resolution must specify the Board's desire to participate in the program and should delegate authority to the District Attorney (or other county official) to execute the Agreement and any modifications thereof. (Refer to Section V, C below for further information).

V. PREPARING APPLICATIONS

A. GENERAL

The forms discussed in this section and in the County Plan section make up the application package to be submitted to CDI for consideration. Instructions for completion of each required form are provided either on the form itself or in the section describing the requirements. Consult Section II, Application Procedure, for information regarding specific requirements of the program.

When a county's program is selected for funding, **CDI will forward three (3) copies of the Grant Award Agreement for signature.** The official designated in the resolution is to sign the Grant Award Agreement (See Resolution Section V, C below for further information). All three (3) copies must have original signatures and be returned to the Department of Insurance, of which one will be returned with the Commissioner or his designate's signature to the county for its records.

B. GRANT APPLICATION TRANSMITTAL

The Grant Application Transmittal is the cover page for the application. The official signing the face sheet for the applicant must be the District attorney for the county. The Grant Application Transmittal must also name the contact person who is designated to answer any questions about the proposed program.

C. RESOLUTION

A Resolution from the Board of Supervisors authorizing the applicant to enter into a Grant Award Agreement with CDI is required. An original or a certified copy of the current Board Resolution for the new grant period must be submitted to receive funding for the 2004-2005 fiscal year. If the Resolution cannot be submitted with the application, a letter must be included which indicates when CDI will receive it (**no later than December 31, 2004**). Grant funds for that particular county will

not be released until CDI receives the Resolution and properly executed Grant Award Agreement.

The Board Resolution must designate the official authorized by title to sign the Grant Award Agreement for the applicant. Additionally, the Resolution must include a statement accepting liability for the local program. A sample Resolution is included in the form section.

D. PROGRAM CONTACT INFORMATION

Applicants are required to complete and include the Program Contact Information form in their application.

E. BUDGET

1. General

The budget is the basis for management, fiscal review, and audit. Program costs must be directly related to the objectives and activities of the program. The budget must cover the entire grant period. Budget planning levels are detailed on Attachment (A).

Include only those items covered by grant funds. Counties may supplement grant funds with funds from other sources. Information concerning these funds may be used to support the County Plan. *However, since all approved line items are subject to audit, applicants should not include in the program budget any funds from these sources.*

CDI's policy and instructions for preparing the budget are provided below:

- a. The county is required to maintain source documentation to support claimed expenditures and project accomplishments. In general, source documentation is those records used to validate project activities and achievements as they pertain to the objectives outlined in the Grant Award Agreement.
- b. The county must provide an estimate of carry-over funds that will be available for the 2004-2005 fiscal year signed by the District Attorney's Fiscal Officer. The County Plan should include the amount of carry-over funds and their planned use; fiscal approval of the use of carry-over funds will occur upon submission of the carry-over approval request pursuant to Section 2698.53 of the Regulations.

2. Audits

CDI grant-funded local programs are required to secure a financial audit in accordance with the most recent Government Auditing Standards published in July 1999 and are allowed to budget a portion of the audit costs. Audit costs should be budgeted as Operating Expenses. See Audit Guidelines, Attachment B.

3. Specific Budget Categories Include:

- a. Personnel Services - Salaries/Employee Benefits
- b. Operating Expense; and,
- c. Equipment.

VI. COUNTY PLAN

The County Plan is the main body of information about the local program. It describes the need for funding to address investigation and prosecution of insurance fraud demands through appropriate and achievable objectives and activities. Each district attorney's program award shall be based on the evaluation of the County Plan. The County Plan shall be evaluated by a Review Panel which is comprised of two members of the Fraud Assessment Commission, the Chief of the Fraud Division or his or her designee, the Director of the Department of Industrial Relations or his or her designee, and an expert in consumer crime investigation and prosecution who is designated by the Commissioner

The County Plan shall include elements describing the county's qualifications, and the manner in which the District Attorney will use grant funds to investigate and prosecute workers' compensation insurance fraud. The county plan will reflect the Insurance Commissioner's strategic initiatives and the Fraud Assessment Commission's objectives. Forms containing narrative requirements are included in the application forms package.

A. QUALIFICATIONS

The Qualifications Section consists of two forms and an appendix listing case filings. Complete and submit the Qualifications forms, providing updated information according to the instructions in the form section. Please identify that information related to prosecutions or investigations is confidential, Attachment D

If the county has received a grant award from CDI in prior years, the outcomes reported in this section shall represent activities funded by the grant award. Outcomes achieved through county or other funding sources shall be designated separately.

B. PROBLEM STATEMENT

Describe the nature and extent of the problem in the county. Include its sources and causes, its economic and social impacts, its unique aspects, if any, and what is needed to resolve the problem. Supporting data and evidence or indicators of fraudulent activity related to workers' compensation insurance should be included. These may include data and information derived from self-insured employers, other local law enforcement entities, insurers, the Fraud Division, and/or the Investigations Division of the California Department of Insurance.

C. PROGRAM STRATEGY

This section shall specify how the District Attorney will address the problem defined in the Problem Statement through the use of program funds, steps required, and estimated time frame(s) to achieve program objectives and activities. Specifically, this section should describe the manner in which the District Attorney will develop his or her caseload, the sources for referrals of cases. Further, there should be a description of how the District Attorney will coordinate various sectors involved, including employers, insurers, medical and legal providers, the Fraud Division, self-insured employers, public agencies such as Department of Industrial Relations, Employment Development Department, and local law enforcement agencies.

The District Attorney/Fraud Division Joint Investigative Plan for the use of investigative resources is required and included with the application.

D. STAFF QUALIFICATIONS

Describe the qualifications of the staff assigned to the program. Include staff training planned and received, and any staff rotational policies that may affect the local program.

E. ORGANIZATION CHART

Provide an organization chart outlining the lines of authority within the District Attorney's Office, and the lines of authority within the program. Clearly demonstrate the placement of the program staff and their programmatic responsibility. Titles for individuals on the organization chart should match those in the budget and program staff sections.

If any reorganization or restructuring of the anti-fraud program unit occurs during the grant year, the program must submit a written notification within 30 days to the Local Assistance Unit.

VII. FUNDING RECOMMENDATIONS

Based on the Review Panel's evaluation of each County Plan, the panel will forward funding recommendations to the Commissioner. If the Review Panel finds that a County Plan fails to respond adequately to the required items as specified in the County Plan, or in the proposed budget, the panel may recommend funding at the District Attorney's base allocation level. The panel shall also consider the importance of establishing a program presence in a county to increase community awareness and to deter workers' compensation fraud. However, those applications that fail to meet the specified criteria may not be recommended for funding.

VIII. FRAUD ASSESSMENT COMMISSION REVIEW AND CONSENT

The Commissioner shall forward his decision of disbursement to the Chair of the Fraud Assessment Commission within five business days from the date of funding recommendation by the Review Panel. The Fraud Assessment Commission shall notify the Commissioner within ten business days of the receipt of the Commissioner's decision whether it agrees with the recommended funding distribution. Such notification shall be in writing. In the event the Fraud Assessment Commission disagrees with the Commissioner's decision, the notification shall specify the basis upon which the Fraud Assessment Commission's consent has been withheld.

IX. DISTRICT ATTORNEY REPORTING

Each district attorney receiving annual funds pursuant to Section 1872. 83 of the Insurance Code shall submit an annual report to the Commissioner on the local program and its accomplishments. This report shall be submitted at the close of the regular grant period and within the below-specified deadlines. *Failure to submit the annual report shall affect subsequent funding decisions.* At a minimum the report must include the following items.

A. EXPENDITURE REPORT WHICH SHALL INCLUDE THE FOLLOWING:

1. Personnel salaries and benefits;
2. Operations cost breakdown;
3. Equipment, and
4. Explanation of any significant variances from the District Attorney's approved budget plan.

B. FINANCIAL AUDIT

A financial audit report is to be prepared by an independent auditor, who is a qualified state or local government auditor, or independent public accountant licensed by the State of California, or the County Auditor/Controller. The audit report shall indicate that expenditures were made for the purposes of the program as specified in Section 1872.83 of the Insurance Code Regulations as adopted guidelines in the Request for Application and County Plan.

1. The auditor shall use county policies and procedures as the standard for verifying appropriateness of personnel and support costs.
2. In the event the program audit is included as part of an organization-wide audit, revenues and expenditures for the local program must be shown separately.
3. The Audit Guidelines, Attachment (B), set forth the standards for audit preparation.

C. PROGRAM REPORT SHALL BE SUBMITTED BI-ANNUALLY AND SHALL INCLUDE THE FOLLOWING:

1. Number of investigations initiated related to workers' compensation Insurance fraud, with the number of defendants indicted;
2. Number of arrests or civil suits filed related to workers' compensation insurance fraud, with number of defendants indicted;
3. Number of prosecutions or civil suits filed related to workers' compensation insurance fraud;
4. Number of convictions or civil awards related to workers' compensation insurance fraud, with the number of defendants, number of trials, number of pleas and/or settlements indicated; names of all convicted fraud perpetrators.
5. Dollar savings realized as a result of workers' compensation insurance fraud case prosecutions, including fines and penalty assessments ordered and collected, and restitution ordered and collected, with the number of defendants indicted;
6. Number of search warrants issued; and
7. Summary of activity with respect to pursuing a reduction of workers' compensation fraud in coordination with the following:

- a. Fraud Division
- b. Insurance companies
- c. Employers, as defined in Section 3300 of the Labor Code, who are self-insured for workers' compensation and doing business in the state.
- d. Other public agencies such as Department of Industrial Relations, Employment Development Department, etc.

D. DEADLINES FOR SUBMISSION:

1. Expenditure Reports and Audit Reports must be submitted to the Commissioner through the Local Assistance Unit no later than four (4) months after the close of the program period as specified in Section 2698.59 (d)(1) of the Insurance Code (November 1, 2005). A county may request an extension of time to submit the expenditure and/or audit report in the event an organization-wide audit will delay the submission of either or both of the said reports.
2. Bi-annual Program Reports must be submitted to the Fraud Division on or before **January 31, 2005** and **August 30, 2005**.

E. GRANT LIQUIDATION PERIOD

There shall be a grant liquidation period of ninety (90) days following the termination of the program period for costs incurred but not paid. Payment may be made and deducted from the program budget during this period.

F. FISCAL AUDIT BY DEPARTMENT OF INSURANCE

Pursuant to Section 1872.8(b) and 1874.8(d) of the California Insurance Code the California Department of Insurance (CDI) is required to conduct a fiscal audit at least once every three years on counties that received the Automobile Insurance Fraud and/or the Organized Automobile Fraud Activity Interdiction Funds. Furthermore, Section 2698.59(f) of the California Code of Regulations also allows the Department to perform fiscal audits of the Workers' Compensation Insurance Fraud Funds. To maximize the effectiveness and efficiency of these reviews and to minimize the disruption to the county's operation, the Department will conduct the reviews of the Workers' Compensation Insurance and Automobile Insurance Fraud and/or the Organized Automobile Fraud Activity Interdiction programs at the same time, and if applicable, any additional funds received pursuant to the above sections.

The CDI's Internal Audits Bureau will perform the reviews. When the county is selected for an audit, the Internal Audits Bureau will contact the office at least two weeks prior to beginning the review. The Internal Audits Bureau will review, but not limit its review to: the program funds' internal accounting and administrative controls, policies and procedures, time keeping and equipment records, and revenues and expenditures for a three-year period. Also, the Internal Audits Bureau may review audit reports, supporting working papers, and the status of corrective actions from any previous audit findings.

WORKERS' COMPENSATION INSURANCE FRAUD QUALIFICATIONS

1. Describe the District Attorney's experience for the last four fiscal years in investigating and prosecuting workers' compensation insurance. Include any relationships developed or planned with other public or private entities that may be useful to program operations.

QUALIFICATIONS (CONT.)

If the District Attorney has received a grant from CDI prior to this application, list only those achievements made possible by the use of grant funds. Also complete the Summary of Closed and Pending Prosecutions for FY 2003-2004. A page listing program achievements realized with the use of other funds may be included in the Appendix.

I. Investigations

- In FY 2000-01, _____ investigations were initiated and involved an average of _____ identified suspects per investigation.
- In FY 2001-02, _____ investigations were initiated and involved an average of _____ identified suspects per investigation.
- In FY 2002-03, _____ investigations were initiated and involved an average of _____ identified suspects per investigations.
- From July 1, 2003 to June 15, 2004, _____ investigations were initiated and involved an average of _____ identified suspects per investigation.

II. Search Warrants/Indictments

- In FY 2000-01, _____ warrants/indictments were issued, involving an average of _____ suspects.
- In FY 2001-02, _____ warrants/indictments were issued involving an average of _____ suspects.
- In FY 2002-03, _____ warrants/indictments were issued, involving an average of _____ suspects.
- From July 1, 2003 to June 15, 2004, _____ warrants/indictments were issued involving an average of _____ suspects.

III. Arrests/Surrenders

- In FY 2000-01, _____ arrests and _____ surrenders were made.
- In FY 2001-02, _____ arrests and _____ surrenders were made.
- In FY 2002-03, _____ arrests and _____ surrenders were made.
- From July 1, 2003 to June 15, 2004, _____ arrests and _____ surrenders were made.

IV. Convictions

- In FY 2000-01, _____ convictions were obtained involving _____ defendants. Of these convictions, _____ were obtained by trial verdict, _____ were obtained by plea or settlement.

QUALIFICATIONS (CONT.)

- In FY 2001-02, _____ convictions were obtained involving _____ defendants. Of these convictions _____ were obtained by trial verdict and _____ were obtained by plea or settlement.
- In FY 2002-03, _____ convictions were obtained involving _____ defendants. Of these convictions _____ were obtained by trial verdict and _____ were obtained by plea or settlement.
- From July 1, 2003 to June 15, 2004, _____ convictions were obtained involving _____ defendants. Of these convictions _____ were obtained by trial verdict and _____ were obtained by plea or settlement.

V. Fines/Penalty Assessments

- In FY 2000-01, _____ defendants were ordered to pay \$ _____ in fines and penalty assessments. Of this amount \$ _____ was collected from _____ defendants.
- In FY 2001-02, _____ defendants were ordered to pay \$ _____ in fines and penalty assessments. Of this amount \$ _____ was collected from _____ defendants.
- In FY 2002-03, _____ defendants were ordered to pay \$ _____ in fines and penalty assessments. Of this amount, \$ _____ was collected from _____ defendants.
- From July 1, 2003 to June 15, 2004, _____ defendants were ordered to pay \$ _____ in fines and penalty assessments. Of this amount \$ _____ was collected from _____ defendants.

VI. Restitutions

- In FY 2000-01, _____ defendants were ordered to pay restitution in the amount of \$ _____ to victims. Of this amount \$ _____ was collected from _____ defendants, benefiting _____ victims.
- In FY 2001-02, _____ defendants were ordered to pay restitution in the amount of \$ _____ to victims. Of this amount \$ _____ was collected from _____ defendants, benefiting _____ victims.
- In FY 2002-03, _____ defendants were ordered to pay restitution in the amount of \$ _____ to victims. Of this amount \$ _____ was collected from _____ defendants, benefiting _____ victims.
- From July 1, 2003 to June 15, 2004, _____ defendants were ordered to pay restitution in the amount of \$ _____ in fines and penalty assessments. Of this amount \$ _____ was collected from _____ defendants, benefiting _____ victims.

QUALIFICATIONS (CONT.)

7. List the name of the program's prosecutor(s) and investigator(s). Under the name of each staff:
 - a. List the percentage of their time devoted to the program.
 - b. How long have the prosecutor(s)/investigator(s) been with the program.
 - c. List all the cases (by suspect name and by case number, when the case was assigned and briefly describe the case) with the name of the prosecutor(s) and investigator(s) who have prosecuted during fiscal year 2003-2004. For each case that was jointly investigated, please list all the names of the investigators and prosecutor(s) who worked the case. Also, please include those cases that were prosecuted without positive result.

Case Number	Investigator(s)	Prosecutor(s)

WORKERS' COMPENSATION INSURANCE FRAUD

SUMMARY OF ARRESTS

JULY 1, 2003 - JUNE 15, 2004

(USE ADDITIONAL PAGE, IF NECESSARY)

Case Number	Referred By	Code Section	Number Arrested	Number Held to Answer	Number Surrender	Fraud Scheme	Potential Loss

Referred by: CDI (Fraud Division, California Department of Insurance), P (Private Carrier, S.I.U.), S (Self-Insured Employers), (T) Third - Party Administrators, (L) (Local Law Enforcement), or O (Other)

Type of fraud scheme: claimant, premium, fraud mill, capping, legal/medical providers, insider, uninsured employer, others.

CASES IN COURT

FISCAL YEAR 2001-02

Total Cases in court - Categories and Complexities (From 7-1-01 to 6-30-02)	STAN- DARD	MEDIUM	COMPLEX	VERY COMPLEX	TOTAL CASES	TOTAL DEFEN DANTS	TOTAL CHARGEABLE FRAUD (in dollars)
1. Claimant Fraud							
2. Premium Fraud							
3. Fraud Mill							
4. Capping							
5. Legal/Medical Provider Fraud							
6. Insider Fraud							
7. Uninsured Employer							
8. Others							
TOTAL CASES IN COURT							

See page 20 for instruction.

FISCAL YEAR 2002-03

Total Cases in court - Categories and Complexities (From 7-1-02 to 6-30-03)	STAN- DARD	MEDIUM	COMPLEX	VERY COMPLEX	TOTAL CASES	TOTAL DEFEN DANTS	TOTAL CHARGEABLE FRAUD (in dollars)
1. Claimant Fraud							
2. Premium Fraud							
3. Fraud Mill							
4. Capping							
5. Legal/Medical Provider Fraud							
6. Insider Fraud							
7. Uninsured Employer							
8. Others							
TOTAL CASES IN COURT							

FISCAL YEAR 2003-04

Total Cases in court - Categories and Complexities (From 7-1-03 to 6-15-04)	STAN- DARD	MEDIUM	COMPLEX	VERY COMPLEX	TOTAL CASES	TOTAL DEFEN DANTS	TOTAL CHARGEABLE FRAUD (in dollars)
1. Claimant Fraud							
2. Premium Fraud							
3. Fraud Mill							
4. Capping							
5. Legal/Medical Provider Fraud							
6. Insider Fraud							
7. Uninsured Employer							
8. Others							
TOTAL CASES IN COURT							

*** CASE CATEGORIES

Standard Case:

1. One defendant
2. Loss under \$10,000
3. One employer victim

Loss=Amount of chargeable fraud

Medium Case:

1. Loss from \$10,000 up to \$49,999.

Complex Case:

1. Loss from \$50,000 up to \$250,000

Very Complex Case:

1. Loss greater than \$250,000.

The above stated loss amounts are only guidelines for each categories.

Notwithstanding the guidelines, a case shall be elevated from one category to any other higher category if the necessary number of aggravating factors as stated below exist:

A Standard case + at least 2 Aggravating factors = A Medium case

A Medium case + at least 2 Aggravating factors = A Complex case

A Complex case + at least 2 Aggravating factors = A Very Complex case

e.g. A Standard case with at least 6 Aggravating factors becomes a Very Complex case.

AGGRAVATING FACTORS:

1. Multiple Defendants or Suspects
2. Multiple claims by a single defendant or suspect
3. More than 2,000 pages of reviewable material.
4. More than 20 witnesses (excluding non-suspect medical providers).
5. More than 6 no-suspect medical providers or other experts.
6. A case involving a suspect legal provider(s) or a suspect medical provider(s).
7. More than 2 insurance carriers/self-insured involved.
8. Search warrant(s) involving 2 or more search locations
9. Special Master warrant involved.
10. Search warrant which requires assistance of an expert in its execution: e.g. computer expert, auditor, etc... This does not refer to the typical expertise of the searching police officer(s).
11. More than 2 public agencies (excluding D.A.) involved.
12. Undercover operation by law enforcement
13. Grand Jury Proceedings.
14. One or more Motions (other than a P.C. 995 motion) requiring a filed response.
15. More than 2 Court hearings (excluding preliminary hearings).

Chargeable fraud: is the total amount of fraud that would result from all the counts that (would) are actually charged.

CONVICTION INFORMATION
FISCAL YEAR 2001-02

CASE#	SUBJECT NAME	ROLE*	SENTENCE	RESTITUTION/LOSS	CIVIL FINE	CRIMINAL FINE	VICTIM	DDA NAME
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								

*Role: Claimant, Fraud Ring, Premium Fraud, Legal/Medical Provider, Insider, Uninsured Employer, Others

FISCAL YEAR 2002-03

CASE#	SUBJECT NAME	ROLE*	SENTENCE	RESTITUTION/LOSS	CIVIL FINE	CRIMINAL FINE	VICTIM	DDA NAME
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								

*Role: Claimant, Fraud Ring, Premium Fraud, Legal/Medical Provider, Insider, Uninsured Employer, Others

FISCAL YEAR 2003-04 (from July 1, 2003 to June 15, 2004)

CASE#	SUBJECT NAME	ROLE*	SENTENCE	RESTITUTION/LOSS	CIVIL FINE	CRIMINAL FINE	VICTIM	DDA NAME
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								

*Role: Claimant, Fraud Ring, Premium Fraud, Legal/Medical Provider, Insider, Uninsured Employer, Others

FISCAL YEAR 2004-05 OBJECTIVES

1. ____ new investigations will be initiated during FY 2004-05. Describe the activities that will be implemented to achieve this objective.

2. ____ new prosecutions will be initiated during FY 2004-05. Describe the activities that will be implemented to achieve this objective.

3. ____ investigations will be carried over from the previous grant period.

4. ____ prosecutions will be carried over from the previous grant period.

COUNTY PLAN PROBLEM STATEMENT

Question 1

- a. Please document and describe the types of workers' compensation insurance fraud (claimant, medical/legal provider, premium/employer fraud, insider fraud, insurer fraud) relative to the extent of the problem specific to your county.
- b. Estimate the magnitude of the workers' compensation insurance fraud problems and identify the type of fraud indicators in your county.

Question 2

The Insurance Commissioner and the Fraud Assessment Commission have stated that the Fraud Division and district attorneys should focus their investigations and prosecutions on those cases which reduce cost drivers such as, legal/medical providers and premium fraud cases. Please describe the county's efforts and strategies in combating legal/medical providers and/or premium fraud?

Question 3

Identify the county's performance objectives that the county would consider attainable and would have a significant impact in reducing workers' compensation insurance fraud.

Question 4

What are the long-term goals of the county in the battle against workers' compensation insurance fraud for the next three years?

COUNTY PLAN PROGRAM STRATEGY

1. Describe the manner in which the District Attorney will address the problem defined in the Problem Statement.
2. Please elaborate on the District Attorney's plan for outreach to the public and private sectors.

COUNTY PLAN PROGRAM STRATEGY (CONT.)

4. As part of the overall management plan, describe how the District Attorney will achieve the objectives of the anti-fraud program. Describe the hiring plan, activity plan, and time line schedule for the program. Discuss the internal quality control procedures that are in place or will be employed to assure objective achievement. Discuss the budget monitoring procedures that are in place or will be employed.
5. A "Joint Investigative Plan" must be properly developed and agreed upon by the head of the Workers' Compensation Insurance Program of the District Attorney's Office and the Fraud Division to create the framework for effective communication and resource management in the investigation and prosecution of insurance fraud. See Attachment C, Guidelines for Preparing a Joint Investigative Plan.

(A Joint Investigative Plan must be submitted in this application. County district attorney and the Fraud Division are required to develop and to follow the plan.)
6. What other anti-fraud programs, units, or taskforces such as underground economy or premium fraud are maintained within the District Attorneys' office. How will this program be integrated with them?

COUNTY PLAN PROGRAM STRATEGY (CONT.)

7. Describe what kind of training has been received and planned for,
 - a) by the county staff on workers' compensation insurance fraud;
 - b) the local Special Investigative Units to enhance the investigation and prosecution of workers' compensation insurance fraud; and
 - c) the coordination with the Fraud Division, insurers, or other entities.
8. Describe staff rotational policies that affect the program.
9. Describe the county's efforts and the District Attorney's plan to obtain restitution and fines imposed by the court to the Workers' Compensation Fraud Account as the legislative intent specifies.
10. Local district attorneys have been authorized to utilize Workers' Compensation Insurance Fraud funds for the investigation and prosecution of an employer's willful failure to secure payment of workers' compensation as of January 2003. Describe the county's efforts to address the "uninsured" employers' problem.

BUDGET CATEGORY INSTRUCTIONS

General

The proposed budget forms the basis for program management and audit, it must be presented in line-item detail and cover the twelve-month period July 1, 2004 through June 30, 2005. Budget planning levels are detailed on Attachment A. The budget may include a line item for an independent audit to be completed at the end of the program period (see Operating Expenses).

The applicant is required to develop a budget that will enable them to meet the requirements of the grant, ensure the successful implementation of the project and be cost effective. Applicants are instructed to prepare a realistic and economical budget. The following information is provided to assist in the preparation of the budget. Where the applicant does not budget for a required item, the California Department of Insurance (CDI) will assume the applicant will use its own funds.

Program funds must be used to support enhanced investigation and prosecution of insurance fraud and shall not be used to supplant funds that, in the absence of program funds, would be made available for any portion of the local insurance fraud program.

Budget modifications are allowable so long as they do not change the grant award amount. Budget modifications across budget categories, i.e., personal services, operations, and equipment require CDI approval. **Budget modification requests shall be in writing before it can be approved.**

Specific Budget Requirements

Instructions regarding the specific items to be budgeted in each budget category are provided with each budget page as follows. Line item detail, calculation methods, and justification are required to be submitted with the application. Expenditure documentation must be kept on file and made available to CDI staff during a site visit and to auditors at the time of the required annual audit.

Allowable Budget Items

Allowable costs are those costs incurred in direct support of local program activities, including program related travel, equipment costs proportional to their program-related use, facilities cost, expert witness fees, and audits.

BUDGET CATEGORY INSTRUCTIONS (CONT.)

Non-Allowable Budget Items

- ☐ Real property purchases and improvements.
- ☐ Aircraft or motor vehicle, except the purchase of a motor vehicle that is specifically requested and justified to the Commissioner.
- ☐ Interest payments.
- ☐ Food and beverages, except as purchased in connection with program-related travel.
- ☐ Weapons or ammunition unless included as part of a benefit package.

A. PERSONNEL SERVICES - SALARIES/EMPLOYEE BENEFITS

1. Personnel Services

Personnel services include all services performed by staffs who are directly employed by the applicant. All other staffs are to be shown as consultants in the Operating Expense category supported by a memorandum of understanding, contract, or operational agreement. Such documentation must be kept on file by the grantee and made available for review during a monitoring visit or an audit. In either case, they may be salaried, or hourly, full, or part-time positions.

2. Benefits

Employer benefits must be identified by type and percentage of salaries. Applicants may use fixed percentage of salary to calculate benefits. Budgeted benefits cannot exceed those already established by the applicant.

Expenses for social security, employee life and health insurance plans, unemployment insurance and/or pension plans are allowable budget items. Other benefits such as uniforms or California Bar Association dues, if negotiated as a part of the employee benefit package, are allowable budget items.

BUDGET CATEGORY INSTRUCTIONS (CONT.)

3. Instructions

☐ Salaries

A line item is required for each different position/classification, not for each individual employee (e.g., three half-time clerical personnel are itemized as 1-1/2 clerical positions).

☐ Employee Benefits

Generally, provide one level of line-item detail unless further explanation is needed. A line item is required for each different position/class, but not for each individual employee unless the benefits vary from person to person in a position/class.

DEPARTMENT OF INSURANCE

BUDGET CATEGORY AND LINE-ITEM DETAIL	COST
A. Personal Services - Salaries/Employee Benefits	
TOTAL	

BUDGET CATEGORY INSTRUCTIONS (CONT.)

B. OPERATING EXPENSES

Allowable operating expenses are defined as necessary expenditures exclusive of personnel salaries, benefits, and equipment. Rented or leased equipment must be budgeted as an Operating Expense. Confidential fund expenditures and computer equipment rentals are allowable budget items (see below Confidential Funds Expenditures). Travel, consultant services, facility rental, rented or leased equipment, confidential funds expenditures, indirect costs/administrative overhead, and audits are operation expenses.

1. Travel

Budget for all anticipated travel related to the program is based on the travel policy established by the county. If a county does not have a travel policy, the state mileage rate can be used which is a maximum of **\$.34 per mile** unless a higher rate is justified. When program employees are authorized by program department heads or designees to operate a privately owned vehicle on program related business and no local travel policy exists, the employee will be allowed to claim **\$.34 per mile** without certification.

2. Facility Rental

Up to \$18 per square foot annually (\$1.48 per square foot per month) with maintenance is allowable for facility rental. If the rental costs for office space exceed these rates, it must be consistent with the prevailing rate in the local area.

3. Rented or Leased Equipment

If equipment is to be rented or leased, an explanation and cost analysis will be required if the application is selected for funding.

4. Confidential Fund Expenditures

Confidential fund expenditures are costs that will be incurred by grant funded personnel working in an undercover or other investigative capacity. It may include the purchase of information, physical evidence, or services.

BUDGET CATEGORY INSTRUCTIONS (CONT.)

5. Indirect Costs/Administrative Overhead

Indirect costs are those not readily itemized or assignable to a particular program, but necessary to the operation of the organization and the performance of the program. These costs shall be determined in accordance with Federal OMB Circular A-87. The costs of operating and maintaining facilities, accounting services, and administrative salaries are examples of indirect costs.

Flat rates not exceeding ten percent of personnel salaries (excluding benefits and overtime) or five percent of total direct program costs (excluding equipment) may be budgeted by applicants for indirect costs.

Applicants must have on file an indirect cost allocation plan, which demonstrates how the rate was established. This plan must clearly indicate that line items charged to a direct cost category (i.e., postage) are *not* included in the indirect cost category. All costs included in the plan must be supported by formal accounting records that substantiate the propriety of eventual charges.

6. Audits

The budgets may include a line item for the cost of obtaining an independent financial audit. The financial audit is to be prepared by an independent auditor who is a qualified state or local government auditor or independent public accountant licensed by the State of California or the County Auditor/Controller. The audit shall indicate that local expenditures were made for the purposes of the program as specified in Section 1872.83 of the Insurance Code Regulations as adopted guidelines in the Request for Application and County Plan.

DEPARTMENT OF INSURANCE

BUDGET CATEGORY AND LINE-ITEM DETAIL	COST
B. Operating Expenses	
<div style="text-align: right; padding-right: 20px;">TOTAL</div>	

BUDGET CATEGORY INSTRUCTIONS (CONT.)

C. EQUIPMENT

Equipment intended for use to conduct workers' compensation fraud investigation be defined as an asset with:

- ☐ a normal useful life of at least one year (12) months and
- ☐ a unit acquisition cost of at least \$5,000

Rented or leased equipment must be budgeted as an Operating Expense. "Lease to Purchase" agreements are generally not allowable. If a "Lease to Purchase" is requested, prior approval is required.

If equipment purchase requests are made, an equipment log must be completed listing all equipment purchases made with previous CNI grants

1. Automobiles

The purchase of automobiles is not allowable, except when specifically requested and justified to the Commissioner. If justified, county procurement policies must be followed.

2. Instructions - Equipment

A line item is required for each different type of equipment, but not for each specific piece of equipment (e.g., three printers should be one line item, not three).

PROGRAM TOTAL

Place the total amount for the entire budget in the space provided at the bottom right corner of the Budget Category and Line-Item Detail form. This amount must match the amount allocated for the program.

D. OTHER PROGRAM FUNDS

1. Carry-over Funds

Indicates the estimated amount of unused funds from previous years that will be carried over into the 2004-2005 fiscal year and briefly describe the County Plan on how to utilize the carry-over funds.

2. Interest Income

Include the amount of interest accrued to the base program funds. Interest income shall be used to further local program purposes.

DEPARTMENT OF INSURANCE

BUDGET CATEGORY AND LINE-ITEM DETAIL	COST
C. Equipment	
CATEGORY TOTAL	
PROJECT TOTAL	

WORKERS' COMPENSATION FRAUD PROGRAM

Equipment Log for FY _____

County of _____

Equipment Ordered	Equipment Cost	Date Ordered	Date Received	Serial Number	Equipment Tag Number

I certify this report is accurate and in accordance with the approved Grant Award Agreement

Name: _____

Title: _____

Signature: _____

Date: _____